

THE MANAGER

DAIRY RESEARCH

By Betsey Howland

Use Dairy Profit Monitor to track milk production, herd health, milk check analysis, efficiency parameters and financial management

Management Tool for Change

As a dairy farm grows and changes it is pertinent to monitor farm performance. Monitoring key production and financial measures can help a farmer determine what progress is made during the period of change.

Dairy Profit Monitor (DPM) is a web-based business management tool that allows producers and their advisers to track operating performance in five key areas: milk production, herd health, milk check analysis, efficiency parameters and financial management. The program can generate real-time reports

for trend analysis. It can highlight how the dairy changes month to month, quarter to quarter and over 12 rolling months. DPM is unique in how it incorporates herd production and health data with financial and efficiency information, and provides a baseline report to determine how different parts of the dairy business affect each other.

The most significant parameter tracked by the DPM is net milk income (NMI) over lactating feed costs per cow per day. This measure reflects the money that is available to cover all additional expenses on the farm and is a good indicator of return on assets over the past several years.

The NMI index has two components:

- 1.NMI over purchased grain and concentrate costs
- 2.NMI over total lactating feed costs (OFC),

including forage costs

The NMIOFC index captures fluctuations in milk price, feed costs and milk production to track feed program performance. With changing feed costs, and the feeding program's large impact on farm profitability, dairy producers can use this tool to monitor the effectiveness of their ration and feeding decisions.

The NMIOFC index is calculated two ways: using current actual milk price received, and using a fixed milk price. By using a three year average value for butterfat, protein and other solids, along with milk marketing costs, the variability of milk price from month to month is removed. Fixed NMIOFC is influenced strictly by changes in production, feed usage or feed costs. This provides a measure to determine if changes are having an impact, regardless of milk price changes.

Another feature of DPM is to track herd manage-

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ment data. By tracking herd parameters, such as cull rates, metabolic disease data, and reproduction information, farmers can evaluate the performance of the herd easily on a one-page report. This report can also be shared with other people involved on the dairy, and provides a report card of the current operations.

Dairy Profit Monitor doesn't give a full picture of all factors affecting overall farm profitability and does not calculate a dairy's cost of production. But it is focused on operating performance of the dairy herd and the impact of herd management changes made throughout the year. It is a good complement to more in-depth financial analysis tools, such as Farm Credit's Dairy Profit Analyzer and Dehm Associates' Dairy Dashboard.

For more information on the Dairy Profit Monitor, visit www.dairyprofit.cornell.edu. Information on how to get started and other resources are under the 'help' tab.

Dairy Profit Monitor on the farm

Dairy Profit Monitor has been used by farmers to keep operating performance in check on a monthly basis. A key advantage of DPM is its unique combination of both herd and financial performance on one report. This gives farmers a quick look at overall performance and is easily shared with other key employees or agribusiness professionals.

Glenn, Emily and Jon Beller of Beller Farms in Carthage, NY have used Dairy Profit Monitor since the program was developed. They have found it useful to track their performance over time. The Bellers use DPM reports to drive discussion in Dairy Advisory Team meetings with their extension agents, veterinarian, and loan officer. Bellers noted that the DPM was particularly useful over that last year as they went through an expansion. Reviewing the numbers month by month, rather than once or twice a year, is beneficial.

"It is nice to be able to look at the 12 month rolling report and see where we have come. Everything is right here; herd production, feed data, and efficiency measures," they report. The most useful part of DPM for the Bellers is monitoring their income over their feed costs and seeing how changes on the farm impact the figures.

Eric Sheffer of Sheffer's Grassland Dairy in Hoosick Falls, NY began using Dairy Profit Monitor in 2008 when he returned home to start a grazing dairy with his father Wally. The farm gained value from using the Dairy Profit Monitor in its second year of operation as the herd was mostly first lactation cows and efficiencies were not realized during the first year.

"We started the farm in 2008 and then prices fell drastically in 2009. Because we had been using Dairy Profit Monitor, we were able to show our loan officer that we were making progress on the production side, regardless of the change in milk price," Eric said.

This data came from monitoring the farm's NMIOFC using fixed milk price factors. DPM is a good tool for feed management as well. Eric tracks the impact of changes in supplementation from year to year for their grazing herd.



Glenn, Emily and Jon Beller of Beller Farms

Operations Managers Conference: Managing for Consistency and Continuous Improvement

January 16 - 17, 2013

RIT Inn and Conference Center, Henrietta, New York

This conference provides an opportunity for people responsible for day to day activities to increase their management and operations skills while interacting with other managers. Sessions on January 16 will be followed by a tour and interaction with a local dairy operations team on January 17.

For more information, visit www.ansci.cornell.edu/prodairy/OMC/.